



PRESS RELEASE

New Guidelines For the implementation of the new basel capital accord

Beijing, China – February 24, 2010

To assist with implementation of the new Basel Capital Accord by domestic commercial banks, the China Banking Regulatory Commission (CBRC) promulgated the new guidelines which will apply to those commercial banks that adopt the new capital accord on a voluntary basis.

Under the Disclosure Guidelines, banks are required to disclose:

- In a timely manner, information concerning the change of paid-up capital, ordinary shares and other capital tools;
- On a quarterly basis, important information such as the total amount of core capital, the total amount of subordinated capital, the capital adequacy ratio and the core capital adequacy ratio;
- On a half-yearly basis, significant information relating to the extent of consolidation of subsidiaries, the capital adequacy ratio, the total amount of the bank's exposure to credit risk, the total amount of overdue and bad loans, circumstances concerning the provision for bad loans and their changes, the balance of risk exposure after relieving credit risk asset portfolios, the balance of all risk exposure in asset-backed securities, the capital requirements for market risk, value-at-risk at the end of the period and average value-at-risk, the operation risks, the amount of equity investments and their fair value as well as the realized proceeds and losses after sales and liquidation, and the interest rate risks of bank accounts; and
- On an annual basis, all other information referred to in the Disclosure Guidelines

Commercial banks are permitted not to disclose confidential information relating to their specific projects. However, they are required to disclose general information relating to such projects.

Edward Lehman, Managing director of Lehman, Lee and Xu said that “the new guidelines enhanced and clarify information disclosure obligation. The LEHMAN, LEE & XU Banking & Finance team is comprised of both Chinese and foreign lawyers with many years of experience. This diversity of experience and foreign expertise enables LEHMAN, LEE & XU to provide creative, accurate and economical legal services to its clients.”

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